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MEMORANDUM FOR THE RECORD

SUBJECT: Action by Committee on Appropriations, House of Representatives,
on CIA 1961 Budget

1. Under date of 11 April 1960, Mr. Cannon, Chairman, Committee on Appropriations, House of Representatives, addressed a letter to Mr. Stans, Director, Bureau of the Budget, advising that CIA's Budget for Fiscal Year 1961 had been approved as presented by the Agency. However, the letter contained the following statement:

"The Committee is recommending one change from previous practice. It is to be understood that the unobligated balances will not be considered as carrying forward from year to year. Henceforth, the entire budget request will be treated on an annual basis".

2. Upon receipt of the letter, the undersigned and Mr. Ecker, Bureau of the Budget, held a preliminary discussion on the effect of the above quoted statement from the letter of Mr. Cannon and it was agreed that representatives of this Agency would meet with representatives of the Bureau of the Budget to discuss the matter more fully in order to arrive at a decision as to the course of action to be taken.

3. On 15 April 1960, Mr. Macy, Bureau of the Budget, called Col. White and stated that a meeting had been arranged with Mr. Crosby, Staff Member of the Appropriations Committee, at 3:30 p.m., to discuss the above quoted statement from the letter of Mr. Cannon.

4. Prior to the meeting with Mr. Crosby, a meeting was held with Messrs. Macy, Ecker, Ellington and Johnson of the Bureau of the Budget. Representing the Agency were Col. White and Mr. Saunders. At this meeting, several methods were discussed as to how the unobligated balances could be shown in the budget presentation. These methods are outlined in the attached (Exhibit A).

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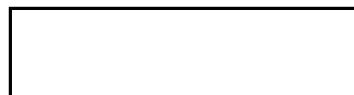
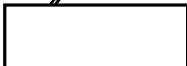
5. Those attending the meeting with Mr. Crosby were: Messrs. Macy, Ecker and Johnson of the Bureau of the Budget and Col. White and Mr. Saunders of the Agency. Mr. Crosby explained that the limitation to carry forward unobligated balances did not apply to Fiscal Year 1961 but would apply in future years and the Agency's future budgets should be prepared on that basis. He further explained that the matter arose at the time the CIA Sub-Committee discussed the amounts to be approved for CIA for Fiscal Year 1961. In reviewing the letter from the Director, Bureau of the Budget, to Mr. Cannon advising him of the President's budget recommendation for CIA, [] raised the question relative to the request that the present system of allowing the unobligated balance to remain available without limitation be continued. Mr. Crosby advised that it was agreed between the Committee members present that the unobligated balances should not be automatically carried forward without specific approval of the Committee.

6. It was agreed that the request for unobligated balances to remain available without limitation would be eliminated and that future letters would request such funds to be reappropriated.

7. The Bureau of the Budget representatives agreed to prepare a draft of the revised letter to be submitted by the Director, Bureau of the Budget to the Chairman, Committee on Appropriations, in future years. A draft of the proposed letter was submitted for review and comments. A meeting was held Friday, 1 July 1960, at 10:00 a.m. in the Bureau of the Budget to further discuss the matter. After much discussion relating mainly to technicalities and meanings of budget terminology, the Bureau representatives agreed to redraft the proposed letter covering the points agreed to at this meeting.

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E.R. SAUNDERS
Comptroller

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